

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 EB-11 SCI-06 COME-00 CIAE-00

INR-11 NSAE-00 RSC-01 L-03 H-03 DRC-01 PRS-01 /083 W

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P R 141535Z AUG 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 4139

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: BDIS, EAGR, ECEM, NL

SUBJECT: MERCURY IN ANIMAL FEED

REF: AGATT REPORT NT 4038

1. DR. F.H.M. GRAPPERHAUS, CHAIRMAN OF DUTCH CATTLE FEED PROCESSOR TROUW AND CO. (AND ALSO CHAIRMAN OF BANK MEES AND HOPE), HAS WRITTEN AMBASSADOR GOULD URGENTLY CONCERNING DIFFICULTIES TROUW HAS ENCOUNTERED IN OBTAINING SATISFACTORY INSURANCE SETTLEMENT FOR DAMAGES SUFFERED BY TROUW CUSTOMERS IN NETHS AND ITALY FROM ERROR COMMITTED BY BRITISH SUBSIDIARY OF CPC INTERNATIONAL INC., OF ENGLEWOOD CLIFFS, N.J., IN SUPPLYING MERCURY-LACED CORNSTARCH TO TROUW FOR VEALER FEED. FURTHER DETAILS ON SHIPMENT AND RESULTING DAMAGE ARE IN AGATT REPORT UNDER REFERENCE.

2. AS GRAPPERHAUS IS LEADING DUTCH BUSINESSMAN AND EX-LIBERAL PARTY JUNIOR MINISTER, AND SINCE ERROR HAS ALREADY RECEIVED EXTENSIVE PUBLICITY IN NETHS WHICH COULD BE UTILIZED BY HOSTILE PRESS AGAINST US-OWNED MULTINATIONALS, WE HOPE DEPARTMENTS OF STATE AND COMMERCE WILL DO WHAT THEY CAN TO EXPEDITE SATISFACTORY SETTLEMENT.

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3. CPC HAS PUBLICLY ACKNOWLEDGED DEGREE OF CULPABILITY IN

SHIPPING WRONG GRADE OF CORNSTARCH TO TROUW. CPC EUROPEAN HEADQUARTERS IN BRUSSELS TELLS US PRIVATELY THAT ERROR CAN BE ATTRIBUTED TO INEXPERIENCED CLERK IN CPC LONDON WHO WAS LED ASTRAY BY COMPANY'S PRODUCT CODING SYSTEM WHICH WAS IN PROCESS OF REPLACEMENT. PROBLEM IS TO PERSUADE CPC INSURERS, PRINCIPALLY HOME INSURANCE CO. OF N.Y., TO MAKE REASONABLE SETTLEMENT OF TROUW CLAIMS TOTALLING UP TO TEN MILLION DOLLARS. NEGOTIATIONS BETWEEN HOME AND TROUW ARE NOW AT IMPASSE AND HOME ATTORNEY ANTHONY LANZONE HAS REPORTEDLY DEPARTED FOR VACATION IN HAWAII. CPC, WITH THREE SUBSTANTIAL OPERATING COMPANIES IN NETHS, IS AS EAGER AS TROUW TO OBTAIN PROMPT AND ADQUATE SETTLEMENT. GRAPPER-HAUS ASSERTS THAT TROUW MAY BE FORCED INTO BANKRUPTCY IF CLAIMS NOT MET SOON.

4. SINCE SOME CATTLE WERE DESTROYED AND OTHERS ONLY SICKENED BY MERCURY POISONING EXACT AMOUNT OF LIABILITY DIFFICULT TO FIX. WE UNDERSTAND, HOWEVER, THAT HOME AND TROUW WERE NEAR AGREEMENT BEFORE LANZONE'S DEPARTURE. THUS BEST MOVE NOW MIGHT BE TO ENCOURAGE HOME TO RESUME NEGOTIATIONS WITHOUT DELAY. AS CPC'S LEGAL POSITION IN NEGOTIATION BETWEEN INSURER AND TROUW IS EXTREMELY DELICATE SUGGEST DEPARTMENT CONSULT CPC BEFORE TAKING ACTION.  
GOULD

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